

Transportation Safety Board
of Canada



Bureau de la sécurité des transports
du Canada

Transportation Safety Board of Canada

2011-12

**Quarterly Financial Report for the
Quarter Ended December 31, 2011**

Canada

Management Statement for the Quarter Ending December 31, 2011

Introduction:

This quarterly report has been prepared by management as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board. This quarterly report should be read in conjunction with the Main Estimates and Supplementary Estimates.

The Transportation Safety Board's (TSB) sole objective is to advance transportation safety. This mandate is fulfilled by conducting independent investigations into selected transportation occurrences. The purpose of these investigations is to identify the causes and contributing factors and the safety deficiencies evidenced by an occurrence. The TSB then reports publicly and makes recommendations to improve safety and reduce or eliminate risks to people, property and the environment.

Basis of Presentation:

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the Transportation Safety Board's spending authorities granted by Parliament and those used by the department. Authorities include amounts granted through the Main Estimates and Supplementary Estimates, as well as transfers from Treasury Board central votes that are approved by the end of the quarter. This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before moneys can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

As part of the departmental performance reporting process, the TSB prepares its annual departmental financial statements on a full accrual basis in accordance with Treasury Board accounting policies, which are based on Canadian generally accepted accounting principles for the public sector. However, the spending authorities voted by Parliament remain on an expenditure basis.

The quarterly report has not been subject to an external audit or review.

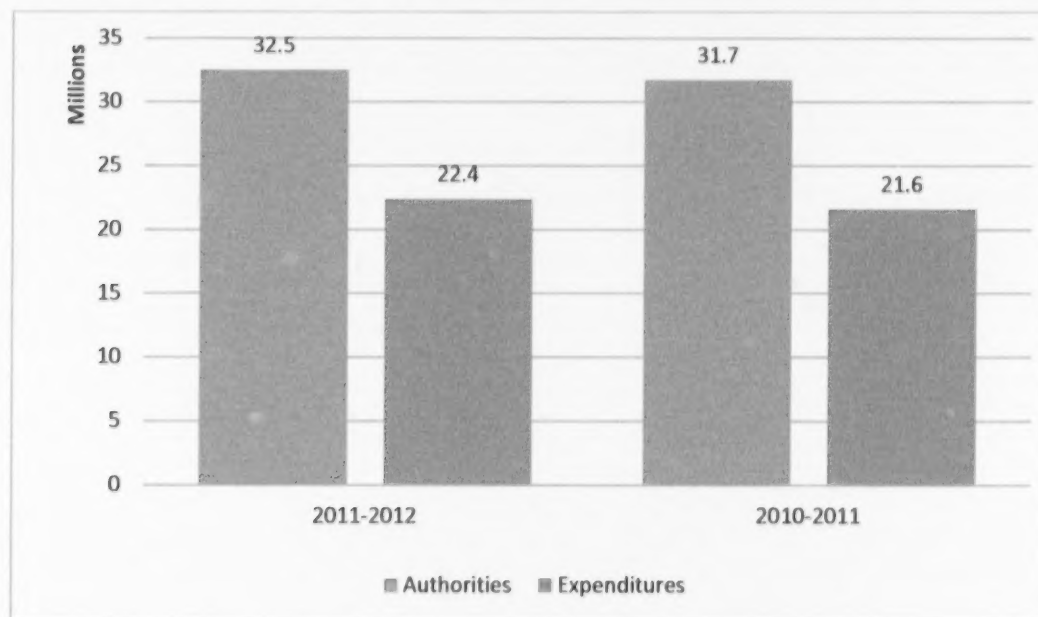
Highlights of Fiscal Quarter and Fiscal Year to Date Results:

The department's year-to-date spending has increased by 3.5% (\$763K) from the previous year. This increase is primarily attributed to personnel costs due to the optional cash out of accumulated severance benefits by employees under a provision of recently signed collective agreements with certain bargaining agents. Variances in other individual categories of expenditures are generally explained by differences in the timing of spending between quarters of the year; overall spending on these expenses by year-end is expected to be fairly consistent between years and in line with planned spending.

The TSB's 3rd quarter authorized funding has increased from \$31,730K in 2010-11 to \$32,503K in 2011-12. This increase of \$762K is primarily to reimburse the department for the payment of accumulated severance benefits.

As can be seen in Figure 1, the TSB has spent approximately 69% of its authorities to date by end of the third quarter. The TSB's spending is generally distributed equally throughout the year given that the department's most significant expense is salaries.

Figure 1 - Third Quarter Expenditures Compared to Annual Authorities



Risks and Uncertainties:

The TSB is funded through annual appropriations. As a result, its operations are impacted by any changes in funding approved through Parliament. As a departmental corporation, it has authority to spend revenues received during the year although such revenues are minimal; on average less than 1% of the department's funding requirements.

Budget 2010 announced that the operating budgets of departments would be frozen at their 2010-11 levels for the fiscal years 2011-12 and 2012-13 and that departments would not be funded for salary increases resulting from collective agreements in those years. As departments must pay the salary increases to employees, they are expected to find efficiencies within their operating vote to fund these increases. The TSB is not yet able to estimate the full impact of this government-wide initiative because the majority of its employees (approximately 70%) fall under collective agreements that have not yet been renewed. The TSB anticipates being able to accommodate the reduction in funding without significantly impacting its ongoing operations as long as the increments in pay remain consistent with recently signed agreements (e.g. 1.75%).

Budget 2011 announced that departmental budgets would be examined through a Strategic and Operating Review. At this time, the nature and extent of reductions for the TSB have not yet been finalized.

TSB's expenditures are influenced by the number and complexity of transportation occurrences. A significant transportation accident or a flurry of smaller size occurrences could significantly increase expenditures and result in resource pressures that could require the department to seek additional funding from Parliament.

The TSB's most significant expenditure is personnel representing 80% of its planned expenditures. Over the last few years, the department has faced a high level of attrition that is expected to continue for the next couple of years. An ongoing challenge for the TSB is to maintain staffing at a level sufficient to compensate for departures. Given the department's small size, the departure or hiring of a handful of employees in one quarter can have a significant impact on the quarter's expenditures.

Significant Changes in Relation to Operations, Personnel and Programs:

There have been no significant changes in relation to operations, personnel and programs over the last year.

Approval by Senior Officials:

Approved by,

Wendy A. Tadros
Chair

Chantal Lemyre, CGA
Chief Financial Officer

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Statement of Authorities (*unaudited*)

Fiscal year 2011-12 (in thousands of dollars)

	Total available for use for the year ending March 31, 2012	Expended during the quarter ended December 31, 2011	Year to date used at quarter-end
Vote 10 - Net operating expenditures	28,809 ⁽¹⁾	6,764	19,591
Statutory authorities - Employee Benefit Plans	3,694	923	2,770
Total authorities	32,503	7,687	22,361

Fiscal year 2010-11 (in thousands of dollars)

	Total available for use for the year ending March 31, 2011	Expended during the quarter ended December 31, 2010	Year to date used at quarter-end
Vote 10 - Net operating expenditures	28,111	6,518	19,024
Statutory authorities - Employee Benefit Plans	3,619	855	2,574
Total authorities	31,730	7,373	21,598

(1) Note that the TSB expects to receive additional funding from Treasury Board central votes in the amount of \$287K to offset a portion of expenditures recorded to date for the optional cash-out payments to employees of accumulated severance benefits.

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Statement of Expenditures by Standard Object (unaudited)

Fiscal year 2011-12 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2012	Expended during the quarter ended December 31, 2011	Year to date used at at quarter end
Expenditures:			
Personnel	24,981	6,117	18,413
Transportation and communications	2,197	592	1,338
Information	162	22	88
Professional and special services	2,801	536	1,365
Rentals	252	49	199
Repair and maintenance	621	134	313
Utilities, materials and supplies	544	88	174
Acquisition of land, building and works	-	8	8
Acquisition of machinery and equipment	945	141	463
Total net budgetary expenditures	32,503	7,687	22,361

Fiscal year 2010-11 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2011	Expended during the quarter ended December 31, 2010	Year to date used at quarter-end
Expenditures:			
Personnel	24,594	5,991	17,689
Transportation and communications	2,069	589	1,218
Information	160	47	136
Professional and special services	2,859	565	1,660
Rentals	121	26	186
Repair and maintenance	609	63	199
Utilities, materials and supplies	474	10	143
Acquisition of machinery and equipment	844	82	367
Total net budgetary expenditures	31,730	7,373	21,598

